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MILK MARKET INFORMATION BULLETIN
CHATTANOOGA, TENNESSEE MARKETING AREA
OCTOBER 1969 Number 3

Released Pursuant to §1090.27(j) and §1090.85, USDA-C&MS
Federal Order No. 90, 112 Lee Parkway Drive, Chattanooga, Tennessee 37411
J. B. McCroskey, Market Administrator

MARKET SUMMARY - OCTOBER 1969

The Federal Order MINIMUM uniform price to be paid producers for milk delivered to pool plants in the 0-65 mile zone is $6.18. This hundredweight price is for milk testing 3.5% butterfat and is subject to a producer butterfat differential of 8.2 cents for each one-tenth of one percent above or below 3.5% test.

In October 1969, 77.0% of the producer milk received by pool plants was priced in Class I at $6.70 per cwt. and 23.0% was priced in Class II at $4.58 per cwt. The October butterfat differential for Class I was 8.4 cents and Class II was 7.8 cents.

Total producer milk received at pool plants during October 1969 was 32,046,028 pounds which is an increase of 9,581,743 pounds or 42.7% compared with Ocotber 1968. The October daily average deliveries from 756 producers was 1,367 pounds. This compares to 619 farms delivering a daily average of 1,171 pounds per day during October 1968. The increase in the number of producers and volume of milk is primarily due to Tennessee Valley Milk Producers Association transferring certain of their members from the Knoxville market (Order No. 101) to the Chattanooga market effective September 1969.

PRODUCER MILK BASES

Producers supplying milk to handlers regulated by the Chattanooga Order began forming new bases September 1, 1969. The BASE-FORMING PERIOD IS SEPTEMBER 1969 THROUGH JANUARY 1970. According to the base rules of the Chattanooga Order, each producer delivering milk during the base-forming period will have a base computed as follows: Divide the total deliveries made by each producer during the base-forming period (Sept. 1969 through Jan. 1970) by the number of DAYS FOR WHICH DELIVERY IS MADE, OR BY 120, WHICHEVER IS GREATER. Bases will be used during the 1970 base-excess pay period of March through July 1970. All producers, especially partners, should take precaution to see that their name is correctly listed with the Market Administrator.

CHATTANOOGA AND GEORGIA ORDERS AMENDED

After receiving the required two-thirds approval by dairy farmers affected, determined in a poll of their cooperative associations, the U. S. Department of Agriculture has amended the Chattanooga and Georgia federal milk marketing orders effective December 1, 1969.

For the Georgia order, the amendment adds the Georgia counties of Floyd, Gilmer, Gordon, Pickens, and Union to the marketing area.

For the Chattanooga order, the principal changes under the amendment provide for: (1) deleting supply-demand adjustments to the Class I price, (2) increasing the Class I price differential 20 cents per hundredweight, from $1.95 to $2.15 (the average amount of recent supply-demand adjustments), (3) changing location adjustments to apply only at milk plants located 65 or more miles north of Chattanooga rather than in any direction, and (4) liberalizing limits on the amount of producer milk that may be diverted from a pool plant to a manufacturing plant. The limits on diverted milk will now apply only during the 3 months of September, October, and November. Previously diversion limitations applied to the 7 months of August through February.

COMPARISON OF MILK RECEIPTS AND UTILIZATION

	% Oct.'69 over Oct.'68	Oct. 1969	Sept. 1969	Oct. 1968
Number of Plants (Pool and Non-Pool)		19	18	17
RECEIPTS POUNDS (DAILY AVERAGE)				
Producer Milk	+ 42.7	1,033,743	1,026,877	724,654
Other Source	- 55.5	31,661	37,440	71,221
Other Federal Orders	- 61.2	88,983	81,103	229,549
TOTAL MILK RECEIPTS	+ 12.6	1,154,387	1,145,420	1,025,424
UTILIZATION POUNDS (DAILY AVERAGE)				
Class I Uses				
Homo Milk	+ 6.7	442,569	458,336	414,734
Skim - Regular	- 0.6	20,494	20,598	20,626
Skim - 2% Milk	+ 48.5	89,739	87,629	60,430
Buttermilk	+ 3.0	48,143	47,902	46,719
Flavored Milk and Drink	+ 16.8	19,225	23,145	16,462
Creams (Sweet and Sour)	+ 0.7	2,932	2,974	2,912
Sub-Total - Pkg. Products (Pool Plants)	+ 10.9	623,102	640,584	561,883
Other (Shrinkage, Inventory, etc.)		6,928	2,683	6,064
Sales to Non-Pool Plants		195,677	179,342	256,525
In-Area Sales by Non-Pool Plants		44,182	45,520	48,906
TOTAL CLASS I MILK	- 0.4	869,889	868,129	873,378
Class II Uses - Pool Plants				
Ice Cream Mixes	+ 5.0	39,312	48,369	37,440
Cottage Cheese	+ 4.3	35,125	41,261	33,666
Powdered and Condensed Milk		-0-	4,480	-0-
Livestock Feed and Authorized Dumped		5,014	8,299	7,895
Sub-Total - Used to Produce	+ 0.6	79,451	102,409	79,001
Shrinkage Class II		15,053	16,826	14,741
Other (Inventory Variation, etc.)		(3,818)	753	(164)
Bulk Sales to Non-Pool Plants		193,812	157,303	58,468
TOTAL CLASS II MILK	+ 87.1	284,498	277,291	152,046
Class I Pkg. Lbs. in Area - Pool Plants	+ 2.2	488,100	494,483	477,543
Class I Pkg. Lbs. Out of Area - Pool Plants	+ 60.1	135,002	146,101	84,340
Class I Pkg. Lbs. in Area - Non-Pool Plants		44,182	45,520	48,906
% Producer Milk of Gross Class I		118.8	118.3	83.0
% Producer Milk Priced in Class I		77.0	76.6	85.3

CLASS I MINIMUM PRICE COMPUTATION INCLUDING SUPPLY-DEMAND ADJUSTMENT

Per § 1090.51(a) Amended	Nov.'69	Oct.'69	Nov.'68
Basic Formula	$4.58	$4.49	$4.33
Plus Class I Differential	1.95	1.95	1.95
Supply-Demand Adjustment	(0.06)	0.26	0.34
Class I Price, 3.5% Butterfat (0-65 Mile Zone)	$6.47	$6.70	$6.62

NOVEMBER 1969

Supply-Demand Comparison: 2nd and 3rd preceding months: August and September		
Supply: Lbs. Producer Milk (Aug. 23,942,657 and Sept. 30,806,305)		54,748,962
Demand: Lbs. Net Class I Milk (Aug. 22,293,963 and Sept. 24,678,264)		46,972,227
Utilization Percentage: Producer milk divided by Class I		117
Standard Utilization Percentage: Range 110-114		114
Net Deviation Percentage: Utilization minus Standard Utilization	Plus	3
Supply-Demand Adjustment: 2 cents x 3 percentage points	Minus	$0.06

COMPUTATION OF PRODUCER UNIFORM PRICE

OCTOBER 1969	Class %	Milk Pounds	Butterfat Test - %	Cwt.Price @ Test	Gross Value
Gross Class I		26,966,561	3.378		
Less Other Source		2,275,397	3.017		
Producer Milk Class I	77.0	24,691,164	3.411496	$6.625434	$1,635,896.77 1/
Gross Class II		8,819,446	5.197		
Less Other Source		1,464,582	2.895		
Producer Milk Class II	23.0	7,354,864	5.655686	6.261435	460,520.03
TOTAL PRODUCER MILK (Cl.I + Cl.II)	100.0	32,046,028	3.926558		$2,096,416.80
Less Fractional Adjustment					.11
Add Value of Other Source Receipts Allocated to Class I and Location Adj.		12,133			834.57
Add ½ Producer-Settlement Fund Reserve					10,944.06
TOTAL VALUE AT TEST		32,058,161	3.926273	$6.576158	$2,108,195.32
Less Test over 3.5% @ 8.2¢ per point		32,058,161	.426273	0.349544	112,057.38
TOTAL UTILIZATION VALUE AT 3.5%		32,058,161	3.5	$6.226614	$1,996,137.94
Less Producer Settlement Fund Reserve		32,058,161		.046614	14,943.59
PRODUCER UNIFORM PRICE		32,058,161	3.5	6.18 2/	$1,981,194.35

1/ Includes handler location adjustment.
2/ Subject to 18¢ location adjustment at Cedartown, Georgia plant.

OCTOBER 1969 ORDER MINIMUM PRODUCER PRICES CWT. F.O.B. CHATTANOOGA POOL PLANTS
BUTTERFAT DIFFERENTIAL 8.2¢ PER POINT (EXCLUDES PREMIUMS)
(0-65 MILE ZONE)

TEST-%	PRICE	TEST-%	PRICE	TEST-%	PRICE	TEST-%	PRICE	TEST-%	PRICE
3.0	$5.77	3.6	$6.262	4.2	$6.754	4.8	$7.246	5.4	$7.738
3.05	5.811	3.65	6.303	4.25	6.795	4.85	7.287	5.45	7.779
3.1	5.852	3.7	6.344	4.3	6.836	4.9	7.328	5.5	7.82
3.15	5.893	3.75	6.385	4.35	6.877	4.95	7.369	5.55	7.861
3.2	5.934	3.8	6.426	4.4	6.918	5.0	7.41	5.6	7.902
3.25	5.975	3.85	6.467	4.45	6.959	5.05	7.451	5.65	7.943
3.3	6.016	3.9	6.508	4.5	7.00	5.1	7.492	5.7	7.984
3.35	6.057	3.95	6.549	4.55	7.041	5.15	7.533	5.75	8.025
3.4	6.098	4.0	6.59	4.6	7.082	5.2	7.574	5.8	8.066
3.45	6.139	4.05	6.631	4.65	7.123	5.25	7.615	5.85	8.107
3.5	6.18	4.1	6.672	4.7	7.164	5.3	7.656	5.9	8.148
3.55	6.221	4.15	6.713	4.75	7.205	5.35	7.697	5.95	8.189

OCTOBER 1969 PRODUCER BUTTERFAT DIFFERENTIAL COMPUTATION

Per §1090.73	B'Fat Use Percentage	Prod. Lbs. Butterfat	Class B'Fat Differential	Butterfat Value
Class I	66.9	842,338	$0.84	$707,563.92
Class II	33.1	415,968	0.78	324,455.04
Total	100.0	1,258,306		$1,032,018.96

Total Butterfat Value ÷ Total Producer fat pounds = $0.820165

Producer Butterfat Differential per point variation above or below 3.5 percent - - - - - - - - $0.082

CHATTANOOGA ORDER MILK PRICES - 3.5% TEST (0-65 MILE ZONE)

Date	PRODUCER UNIFORM PRICES 1/ Per hundredweight				HANDLER CLASS PRICES 1/			
					Class I		Class II	
	Uniform	Base	Excess	Bf.Dif.	Cwt.	Bf.Dif.	Cwt.	Bf.Dif.
Oct.'68	$6.31	-	-	8.0¢	$6.68	8.2¢	$4.28	7.7¢
Nov.	6.22	-	-	8.0	6.62	8.1	4.27	7.7
Dec.	6.03	-	-	8.0	6.72	8.0	4.30	7.9
Jan.'69	6.16	-	-	8.0	6.72	8.2	4.27	7.6
Feb.	5.90	-	-	7.8	6.58	8.0	4.23	7.6
Mar.	5.90 2/	$6.07	$4.28	7.8	6.56	8.0	4.28	7.6
Apr.	5.71 2/	5.96	4.34	8.0	6.56	8.0	4.34	7.8
May	5.84 2/	6.08	4.37	8.0	6.45	8.1	4.37	7.8
June	5.73 2/	5.88	4.39	8.0	6.34	8.1	4.39	7.8
July	6.03 2/	6.20	4.41	8.0	6.50	8.1	4.41	7.8
Aug.	6.10	-	-	8.0	6.74	8.1	4.42	7.8
Sept.	6.29	-	-	8.0	6.85	8.1	4.49	8.0
Oct.	6.18	-	-	8.2	6.70	8.4	4.58	7.8
Nov.	-	-	-	-	6.47	8.2	-	-

Date	PRICE QUOTATIONS				PRODUCER MILK USE (Daily Average)			
	Chi.92° Butter ¢ Lb.	Chi.Area Powder ¢ Lb.	Minn/Wisc Mfg. Milk $-cwt-3.5%	Basic Formula Minimum	Class I Pounds	Class I Test-%	Class II Pounds	Class II Test-%
Oct.'68	67.29	22.95	4.28	4.33	617,813	3.59	106,841	6.20
Nov.	66.79	22.75	4.27	4.33	727,083	3.49	158,337	6.39
Dec.	68.73	22.73	4.30	4.33	526,471	3.52	193,342	5.89
Jan.'69	66.41	22.95	4.27	4.33	577,625	3.48	156,506	6.63
Feb.	66.39	22.94	4.23	4.33	538,299	3.42	213,449	5.65
Mar.	66.39	23.04	4.28	4.33	542,370	3.40	215,901	5.50
Apr.	67.59	23.01	4.34	4.33	518,846	3.33	316,364	4.64
May	67.64	23.03	4.37	4.33	579,475	3.31	234,172	4.80
June	67.64	22.98	4.39	4.33	512,990	3.29	216,362	4.88
July	67.64	22.96	4.41	4.33	557,280	3.31	153,706	5.25
Aug.	67.80	23.01	4.42	4.33	559,555	3.30	212,789	4.82
Sept.	69.85	22.95	4.49	4.33	786,310	3.37	240,567	5.13
Oct.	68.23	22.93	4.58	4.33	796,489	3.41	237,254	5.66

SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE POUNDS)

Date	HANDLER GROSS MILK 3/			PRODUCER DATA				Deliveries Per Farm------Pounds		
	No. Hdlrs.	Total Receipt	Class I Use	No. Prod.	Total Delivery	Base Delivery	Average Test-%	Prod.	Base	Exc.
Oct.'68	17	1,025,424	873,378	619	724,654	-	3.98	1,171	-	-
Nov.	17	1,219,630	938,723	721	885,420	-	4.01	1,228	-	-
Dec.	18	1,003,719	711,555	624	719,813	-	4.16	1,154	-	-
Jan.'69	18	1,052,730	811,681	619	734,131	-	4.16	1,186	-	-
Feb.	18	1,083,443	737,181	612	751,748	-	4.05	1,228	-	-
Mar.	18	1,078,934	739,355	611	758,271	688,137	4.00	1,241	1,126	115
Apr.	17	1,166,507	671,623	609	835,210	709,211	3.82	1,371	1,165	206
May	17	1,111,639	748,156	606	813,647	701,721	3.74	1,343	1,158	185
June	17	1,052,351	697,377	605	729,352	658,441	3.76	1,206	1,088	118
July	18	1,033,980	788,712	619	710,986	644,643	3.73	1,149	1,041	108
Aug.	19	1,170,556	761,915	620	772,344	-	3.72	1,246	-	-
Sept.	18	1,145,420	868,129	751	1,026,877	-	3.79	1,367	-	-
Oct.	19	1,154,387	869,889	756	1,033,743	-	3.93	1,367	-	-

1/ Excludes Premiums
2/ Weighted Average Price
3/ Other Source is Gross minus Producer; Class II is Receipts minus Class I